

**CITY OF ASHEVILLE
HOUSING TRUST FUND**



LOAN APPLICATION FORM

For Year 2003-2004

**City of Asheville
Community Development Division
October 15, 2003**

TABLE OF CONTENTS

General Information

A. Introduction.....	ii
B. Eligible Activities	ii
C. Eligible Developers.....	ii
D. Affordability	ii
E. Timeframe.....	ii
F. Loan Amount	iii
G. Loan Terms	iii
H. City-owned Sites.....	iii
I. Fee Rebates	iii
J. Review Procedure	iii

Instructions for Submitting Applications	iv
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Application Form

A. Summary.....	1
B. Developer Information	1
C. Site Description	3
D. Development Plan	4
E. Financial Information	6
F. Long-Term Affordability	7
G. Disclosure of Potential Conflicts of Interest	8
H. Authorization	8

Appendix 1 – Affordability Information

Appendix 2 – Evaluation of Applications

Appendix 3 – List of City-owned Property and Optional Proposal to Purchase City-owned Property

PROGRAM GUIDELINES

A. Introduction

The City of Asheville is offering low-interest loans from its Housing Trust Fund to assist in increasing the stock of affordable housing within the City.

The City is seeking applications from professional real estate developers for projects suitable for assistance from the Housing Trust Fund. A total of about \$640,000 is available.

B. Eligible Activities

The following types of projects will be eligible this year:

1. Construction of new housing for sale or rental;
2. Conversion of existing non-residential structures for housing;
3. Rehabilitation of former housing units that have been vacant for at least six months prior to the application date.

All housing must meet state and local building codes. Stick-built or system-built (modular) housing is acceptable, but not manufactured (HUD) homes. All projects must be located within the City limits.

C. Eligible Developers

Developers may be:

1. For-profit corporations, partnerships, or sole proprietors;
2. Private incorporated non-profit agencies with IRS 501(c)(3) or similar designation.

Individuals seeking to build a home to live in will not be eligible.

D. Affordability

To be considered “affordable”, housing must meet the following criteria:

Homes for sale must be priced at not more than \$120,000 **and** sold to a person with household income below area median (adjusted for family size);

Rental units must be affordable to tenants below 80% of area median income **and** the first tenants must meet that income limit.

Appendix 3 provides information on income levels and rents that meet these criteria

E. Timeframe

Projects must be scheduled to break ground or spend at least 10% of total project cost within 12 months of **the application deadline**.

F. Loan Amount

The maximum loan amount will be:

For construction financing: \$40,000 per unit (to be repaid within 24 months of loan closing)

For permanent financing: \$25,000 per unit

No more than \$250,000 will be loaned to one applicant (or related applicants).

G. Loan Terms

All assistance will be in the form of secured loans for a term of up to 30 years. The Trust Fund will not make grants, forgivable loans, or indefinitely deferred loans.

Loans will be fully amortizing at an interest rate of 2%, except that:

- a. Loans for rental units which will be restricted to families with less than 60% of area median income may be amortized at 0% interest or interest-only at 2% with principal deferred for up to 30 years.
- b. Loans for the development of homes for sale may be assumed by homebuyers in the form of a deferred “soft second” mortgage, with interest-only payments at 2%, provided the homebuyer’s income is less than 80% of area median income.
- c. Interest on construction loans may be deferred until the loan principal is due.

H. City-Owned Sites

Applications must specify the site(s) to be developed. Developers who do not already have a site may offer to purchase and develop one or more of the City-owned sites listed in Appendix 3. Purchase of a City-owned site is entirely optional and is not a condition for a loan.

I. Fee Rebates

Developers are reminded of the City’s fee rebate program under which 50% of building permits and water and sewer facility fees are rebated for new homes selling for less than \$120,000 or for new rental units which receive a subsidy under a state or federal program requiring rents to remain affordable.

J. Review Procedure

Applications must be submitted no later than **Monday, December 8, 2003.**

Applications will be reviewed by a panel made up of City staff and outside experts. The panel will make recommendations to City Council which will give final loan approval by mid-February.

APPLICATION INSTRUCTIONS

A. Submittal Instructions

The original and one copy should be submitted by hand or by mail (not e-mail) to:

City of Asheville
Community Development Division
City Hall, Room 512
Post Office Box 7148
Asheville NC 28802-7148

Deadline for receipt will be 5:00 pm on Monday, December 8, 2003

B. Other Instructions

- You may complete the application form manually or by word processor. The Community Development Division will provide electronic copies by e-mail on request (MS Word 2000 or Rich Text Format).
- Submit pages 1-8 only (with offer to purchase City-owned property if applicable). Please detach the instructions and Appendices. Do not submit a cover letter.
- Additional printed documentation, photographs and maps may be attached to clarify the project description, experience of the developer, etc. Maximum page size is 11 x 17. **If any pages are larger you must provide seven (7) copies.**
- All pages must be numbered.
- Applications should be fastened with a paper clip or other fastening that can easily be undone for copying. Please do not use binders, covers, staples, or page tabs.
- The City reserves the right to act as sole judge of the content of the applications submitted for the City's evaluation, selection and may, at its sole discretion, reject any or all applications.
- The City will not be liable for any cost incurred in connection with preparation and submittal of any application.
- The City has adopted a **Minority Business Plan** to encourage participation by minority and women-owned businesses in City assisted projects. A copy of the Minority Business Plan and a list of certified vendors will be provided for all developers receiving Housing Trust Fund Loans.
- The City will require all developers to abide by **Fair Housing** principles, which prohibit discrimination on the basis of race, age, gender, religion, national origin, disability or familial status.

Staff in the City's Community Development Division (Tel. 259-5721; TTY 259-5548) will be happy to answer questions about the Housing Trust Fund, this form and the application process, but cannot help write proposals or offer comment on drafts.

CITY OF ASHEVILLE
APPLICATION FOR HOUSING TRUST FUND LOAN
2003-04

A. SUMMARY

Project Location: _____

No. of units: For Sale _____ For Rental _____

Name of Developer: _____

(Doing Business As) _____

Loan Amount Requested: \$ _____

B. DEVELOPER INFORMATION

B1. Developer's Address: _____

City/State/Zip: _____

Telephone Number: _____

Fed. ID# or Social Security #: _____

B2. Contact Person: _____

Title: _____

Telephone No: _____ FAX No: _____

E-Mail Address: _____

B3. Type of Organization:

☐ Non-Profit Corporation

☐ Sole Proprietorship

☐ General Partnership

☐ Limited Liability Corp

☐ Limited Partnership

☐ Limited Liability Partnership

☐ Other: _____

Date Established: _____

B4. Enclose a copy of the following documents, as applicable:

Non-Profit Corporations

- a. Articles of Incorporation and Bylaws
- b. IRS tax determination letter - 501(c)(3) or similar
- c. Most recent independent audit
- d. Resume(s) for staff who will manage project.
- e. List of current Board Members, with addresses.

For Profit Corporations

- a. Articles of Incorporation
- b. Most recent financial statement
- c. Resume(s) for staff who will manage project
- d. Three business references, with name, address and tel. no. for each.

Partnership or Sole Proprietorship

- a. Partnership Agreement (if any)
- b. Most recent Federal Tax Return(s)
- c. Personal Financial Statement for principal person(s)
- d. Three business references, with name, address and tel. no. for each.

B5. Past Experience:

Briefly describe three past housing construction projects that demonstrate your development experience. You may attach plans or photographs if you wish.

Project Title and Description	Number of Units	Year Completed	Total Project Cost
			\$
			\$
			\$

C. SITE DESCRIPTION

C1. Location(s):

Street name and, if known, address of each site:

C2. Parcel Identification Number(s)

Identify lot(s) by Buncombe County parcel number:

C3. Zoning Classification:

State the zoning of lot(s):

C4. Site Control:

- ☐ Site already owned
- ☐ Site under contract/option until (date)_____
- ☐ Offering for City-Owned site listed in Appendix 3 (complete attached “Offer to Purchase”)
- ☐ No site control

C5. Land-use Authorizations:

Has your development been through the appropriate level of Planning & Zoning reviews and/or Technical Review Committee? State which reviews and dates:

C6. Location Map:

Attach a map showing the development site in relation to streets and points of interest in surrounding area (at least ½ mile radius).

D. DEVELOPMENT PLAN

D1. Site Plan:

State lot size in acres: _____

Please attach:

- a. A site plan showing lot boundaries, , and location of proposed buildings.
- b. Elevation design or drawing of dwelling units.
- c. Floor plans (including ADA accessibility features if applicable).

D2. Quality Design Features (optional)

Please give us details of any specific features that you feel make your project particularly attractive in design and neighborhood compatibility.

D3. Energy Efficiency (Optional)

Will the project participate in an externally monitored energy efficiency program (e.g. Energy Star)?

☐ Yes ☐ No

If Yes, identify the program:

D4. Disabled Accessibility:

a. State how many units will have **full ADA accessibility**: _____

b. State how many other units will have partial accessibility, that is

- An at-grade or ramped entrance to the main floor or the capability to easily install a ramp later on; **and**
- All doorways and passageways on the main floor at least 32” wide; **and**
- A bathroom or half-bath on the main floor that will accommodate a wheelchair (show dimensions of unobstructed floor area on floor plan)

Number of other units with all these features: _____

D5. Size and Price of units: Complete one line for each unit or group of identical units

# of Bedrooms	# of Baths	No.of units of this size	Area/unit (heated sq. ft.)	Estimated Development Cost/unit	Cost per Sq. Ft	Proposed Sales Price <u>or</u> Monthly Rent*
Totals:						

* Fill in **either** sales price **or** monthly rent

For rental properties only, check whether the following utilities are included in the rent shown above or not (and circle the fuel source):

	Included	Not Included
Electricity/gas/oil for heating	<input type="checkbox"/>	<input type="checkbox"/>
Electricity/gas/oil for water heating	<input type="checkbox"/>	<input type="checkbox"/>
Electricity/gas for cooking	<input type="checkbox"/>	<input type="checkbox"/>
Electricity for lighting etc.	<input type="checkbox"/>	<input type="checkbox"/>
Water and sewer	<input type="checkbox"/>	<input type="checkbox"/>
Trash collection	<input type="checkbox"/>	<input type="checkbox"/>

D6. Proposed Time Table:

Activity	Date
Land Acquisition	
Construction Loan settlement	
Mobilization	
Site Preparation	
Construction Start	
Construction End	
Full Occupancy	

E. FINANCIAL INFORMATION

E1. Project Budget (add more lines if needed)

Project Revenues (sales revenues or permanent financing for rental projects)

	\$
	\$
	\$
Total:	

Costs

Appraisal	\$
Survey	\$
Architect/Engineering	\$
Land Acquisition	\$
Site Preparation	\$
Construction	\$
Construction Contingency	\$
Permits	\$
Taxes	\$
Financing Cost (include interest)	\$
Legal	\$
In-house admin costs/developers fee	\$
Other(specify)	\$
Total:	\$
Less Fee Rebate (if applicable):	-\$
Net Cost	\$

E2. Detail of project financing. Please attach evidence of any existing loan commitments.

	Source of Funds	Amount	Interest Rate	Term (years)	Committed? Yes/No	Collateral Offered
1	Acquisition Loan: Lender:	\$	%			
2	Construction Loan: Lender:	\$	%			
3	Other Loan: Lender:	\$	%			
4	Equity	\$				
5	Proposed Housing Trust Fund Loan:	\$	%*		No	
	Total:	\$				

* Enter 0% or 2% (see guidelines on Loan Terms on page iii)

E3. Pro Forma

For rental projects only: Provide a pro forma showing estimated project income, expenses, net operating income, debt service, and net cash flow, for at least the first five years.

Cash Flow Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues:					
1) Gross Rent					
2) Other Income					
Less Vacancy Rate					
= Effective Gross Rent					
Operating Expenses					
1) Property Taxes					
2) Insurance Premium					
3) Management fees					
4) Maintenance Fees					
5) Owner's Utilities					
6) Replacement Reserve					
7) Operating Reserve					
Total Operating Expense					
Net Operating Income (NOI) (Effective Gross Rent - Total Operating Expense)					
Debt Service (Annual Principal & Interest)					
1 st Mortgage: _____					
2 nd Mortgage: _____					
3rd Mortgage: _____					
Total Debt Service(DS)					
Cash Flow Available: (NOI - DS)					
Return on Investment: (Cash Flow/Equity Investment)					
Debt Coverage Ratio: (NOI/DS)					

F. LONG-TERM AFFORDABILITY (optional)

Describe any steps planned to preserve long-term affordability of the units (e.g. on resale)

G. DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

G1. Are you or any of your employees, Board Members, business associates, or members of their immediate families:

- | | Yes | No |
|---|--------------------------|--------------------------|
| a) Employees of or closely related to employees of the City's Planning and Development Department | <input type="checkbox"/> | <input type="checkbox"/> |
| b) Members of or closely related to Members of Asheville City Council or a candidate for election to City Council | <input type="checkbox"/> | <input type="checkbox"/> |
| c) Planning to live in one of the assisted units, or to rent or sell it to a close relative or business associate | <input type="checkbox"/> | <input type="checkbox"/> |

G2. If you have answered YES to any question, **please attach a full explanation.** The existence of a potential conflict of interest does not necessarily make your project ineligible for funding, but the existence of an **undisclosed** conflict may result in the termination of any assistance and immediate repayment of the loan.

H. AUTHORIZATION

To the best of my knowledge and belief, all data in this application are true and current. The owner or governing board of the developer has authorized the application.

I understand and agree that the City of Asheville will verify the information contained herein to determine the form of assistance. Verification will include obtaining a credit report for all principal parties.

Signature: _____ Date _____

Printed Name: _____ Title: _____

(For a partnership, all partners must sign)

AFFORDABILITY

#No. of Bedrooms	Family Size	“Very Low Income” Affordability		“Low Income” Affordability			“Median Income” Affordability	
		60% of median income	Maximum Affordable Rent**	80% of median income	Maximum Affordable Rent**	Maximum Affordable Price*	100% of median income	Maximum Affordable Price*
0	1	\$20,820	\$429	\$27,800	\$603	\$ 84,105	\$34,700	\$ 110,013
1	1-2	22,320	451	29,775	637	91,521	37,200	119,399
2	3	26,760	534	35,700	758	113,767	44,600	120,000
3	4-5	30,960	619	41,275	877	120,000	51,600	120,000
4	6	34,500	677	46,050	965	120,000	57,500	120,000

*Maximum affordable price assumes that PITI on a 7%, 30-year mortgage will not exceed 30% of gross income.
Program price limit is \$120,000

**Maximum affordable monthly rent assumes that housing costs (rent plus utility allowance) will not exceed 30% of gross income.
Rents quoted are exclusive of utilities.

Important Note: The incomes shown are the **maximum** for each household size and income group, and the rents and prices shown are affordable to a household with exactly that income. To be affordable to households with a range of incomes, actual rents and prices would have to be **below** the limits shown in the table, except where the price is constrained by the \$120,000 limit.

EVALUATION OF APPLICATIONS

The following criteria will be considered by the City when evaluating loan applications. References in italics are to the sections of the application form containing the information that is to be evaluated.

1. **Cost-effectiveness – maximum 35 points**
 - a. Total project cost per unit, comparing relative costs of similar sized units (by no. of bedrooms) in each application [*D5,E1*] – 5 pts
 - b. Total project cost per square foot, comparing average psf costs for each application [*D5,E1*] – 5 pts
 - c. Amount of Housing Trust Funds requested per unit, comparing requests in each application [*E2*] – 10 pts
 - d. Budget information complete, realistic, and indicates need for HTF loan either to make project financially feasible with reasonable return on equity to developer, or to fill a financing gap [*E1,E2,E3*] – 10 pts
 - e. Project will increase City tax revenues – 5 pts
2. **Location and site plan support smart-growth policies – maximum 20 points**
 - a. Efficient land use – density close to maximum for zoning [*C3, D1*] – 5 pts
 - b. Infill on existing street not requiring extensive new infrastructure [*C6, D1*] – 5 pts
 - c. Accessible to public transportation, jobs, and services [*C6*] – 5 pts
 - d. Site free of detrimental environmental factors such as noise, visual intrusions, [*from site inspection*] – 5 pts
3. **Quality of construction – maximum 15 points**
 - a. Good, neighborhood compatible design [*D1, D2*] – 5 pts
 - b. Energy-efficient features evidenced by participation in an externally monitored program such as Energy Star or System Vision [*D3*] – 5 pts
 - c. Incorporates accessibility features in excess of ADA requirements [*D5*] – 5 pts
4. **Affordability – maximum 20 points**
 - a. Rental: all or some units will be affordable to households below 60% of area median income [*D5*] – 10 pts

or

 - b. Sale: all or some units will be affordable to households below 80% of median income [*D5*] – 5 pts
 - c. Project includes specific plan to preserve long-term affordability of units (e.g. rent controls, land trust, or equity sharing on resale [*F*] – 10 pts
5. **Readiness to proceed – maximum 10 points**

Probability that project will be underway within 12 months judged from site control [*C4*], financial commitments [*E2*], planning review [*C5*], and proposed timetable [*D6*]
6. **Developer Qualifications – maximum 30 points**
 - a. Track record of development team demonstrates capacity to complete construction projects of like kind [*B5*] – 15 pts
 - b. Financial statements are provided and show adequate financial capacity [*B4*] – 10 pts
 - c. Developer has maximized equity investment (including grant funding) [*E2*] – 5 pts

APPENDIX 3**CITY OF ASHEVILLE
SURPLUS REAL PROPERTY AVAILABLE FOR SALE**

City Control #	PIN	LOCATION	AREA± (acres)	TAX VALUE*
1020	9638.11-75-3936	DEAVER STREET	.19	21,000.00
1021	9638.11-76-1767	SUNRISE DRIVE	.26	22,800.00
1171	9658.07-67-6841	WHITSON ROAD	.13	23,700.00
1199	9638.15-54-8270	MICHIGAN AVENUE	.19	16,800.00
1292	9639.20-91-9684	COURTLAND	.15	59,900.00
1253	9648.07-69-6472	S. BEAUMONT/MILLER ST.	.20	20,100.00

Any developer applying for a Housing Trust Fund loan has the option to offer to buy one of the properties listed above. If you are interested, please contact Ed Vess on 259-5729 for more information. If you decide to offer for one of these properties, you should complete the form on the following page and attach it to your application..

* The tax values are shown for general information only. An appraisal satisfactory to the City may be substituted for the tax value for the purposes of establishing a fair market price, and will be required for any parcel with a tax value over \$20,000.

OFFER TO PURCHASE CITY-OWNED PROPERTY

To: The City of Asheville **Date:** _____

Re: Property Identification Number (PIN): _____

Address or Property Location: _____

The undersigned BIDDER hereby offers to purchase the above referenced real estate being more particularly described by maps thereof on file in the Community Development Office of the City of Asheville (hereinafter referred to as the City), for the sum of:

_____ DOLLARS (\$ _____)

In the event that the City accepts this offer, the BIDDER agrees to submit a GOOD FAITH DEPOSIT of 5% of the amount bid in the form of a certified or cashiers check no later than five working days after written communication of the City's acceptance.

Subject to approval of the sale by the City Council of the City of Asheville, the BIDDER and the City will enter into a contract for sale of land in the form provided by the City of Asheville Community Development Office.

The BIDDER understands that the City makes no warranty as to the condition of the property or its suitability for development.

IN WITNESS WHEREOF, the BIDDER has duly executed this proposal on the date above written.

(print or type name of BIDDER)

By: _____
(authorized signature)

(street address)

(city, state, zip code)

(telephone)

(mailing address – if different)